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Executive

**CONFIDENTIAL**

16 May 19

Budget Officer

Amendment of Paragraph 1.4c of the Confidential Funds Regulations

1. There is attached a memorandum from the Chief, Confidential Funds Branch relative to the need for establishing regulations and procedures to cover situations which involve the loss or unexplained shortage of unvouchered funds. It is believed desirable to amend the suggestion presented by [ ] to provide for the rewording of Paragraph 1.4c of the Confidential Funds Regulations to read substantially as follows:

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In the event there arises a question concerning pecuniary liability of an individual for the unauthorized use of confidential funds or there is involved the loss or shortage of funds which cannot be explained by proper accounting, the matter should be referred to an Investigatory Committee composed of the Executive or his Deputy as Chairman, the Budget Officer and the Assistant Director of the office or activity concerned, or their designees as members and a representative of the General Counsel who will act as an Advisory member and recorder. Upon completion of the investigation by the Committee, a report shall be rendered to the Director for final determination as to the disposition of the case and who shall be held personally liable, and in what amount, if any. The report to the Director should be accompanied by a statement in writing covering any dissenting opinion rendered by a member of the Committee.

2. It is believed that the type of cases referred to in the attached memorandum from the Chief, Confidential Funds Branch and those now covered by the terminology set forth in Paragraph 1.4c of the Regulations should all be handled by an appropriate Investigatory Committee prior to submission to the Director with an appropriate recommendation for his final determination. In this connection, it may be noted that the Director's responsibility for the disbursement and accounting of confidential funds is such that he should actually give final approval to any action of the Committee with respect to

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the loss or misuse of any funds. The number of cases involving such matters should not be too numerous and consequently no appreciable amount of time will be required on the part of the Director.

S. R. SAUNDERS

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